(d) what are the details of the recommendations of the Election Commission in this regard and the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) to (d) Details are being collected and a statement will be placed on the Table of the House.

Pande Committee

2428. SHRI G. SWAMY NAIK:

PROF B. RAMACHANDRA RAO:

Will the Minister of COMMERCE be manufactures;

(a) what are the main recommendations of Pande Committee on leather and leather manufacturers;

(b) whether the Committee has recommended that only fine leather as per the new ISI norms should be exported; and

(c) if so, whether this recommendation is likely to have adverse effect on the leather exports as semiprocessed leather cannot be exported under the new ISI Standards?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P. A. SANGMA): (a) A Statement is attached.

(b) The Committee has recommended that the ISI standard defining finihed leather should be made realistic and the export incentives should be applicable to the finished leather so defined.

(c) The implementation of this recommendation will not adversely affect the overall exports of leather and leather products.

Statement

Main recommendations of Pande Committee on leather and leather manufactures for exports.

1.1. Approach

The ultimate objective should be to make footwear the single most important item of leather exports. During the Seventh plan, Government policy should be fashioned to ensure the following:—

(a) Strengthening and enlargement of the infrastructure for production and export of footwear and other leather manufactures.

(b) Improved availability of finished leather for production of leather goods by means of a combination of upgrading domestic availability of semi-finished and finished leather with liberal imports.

(c) Liberal access to the best quality machines, raw materials consumables and components for technological advancement by combining imports with the creation of domestic manufacturing infrastructure.

(d) A package of incentive to enable the export of leather goods to face world competition.

1.2. Availability of Hides, Skins and Leather.

1. 2. 1. A professional study of the system of collection and marketing of raw hides and skins in India may be commissioned by Govt.

1. 2. 2. The ISI standard defining finished leather should be made realistic and the export incentive should be applicable to the finished leather so defined

1. 2. 3. While there is adequate availability of leather resources in India to achieve the Seventh plan targets, it would be desirable to import finished leather from bovine hides and skins free of duty.

1.2.4 A five year announcement, to coincide the Seventh Plan, should be made for duty fre imports under OGL, of raw hides and skins, wet blue chrome tanned and crust leather including splits and sides.

1.2.5 As the Review Committee consisted of diverse interests, including representatives of the trade and industry, it was felt that its recommendations with regard to the export policy on export incentives should be confined to broad indications of the direction, leaving the detailed policy prescriptions to be carried out by Government. Accordingly the following recommendations were made:

(a) A stage has now come when Government should rationalise the export quota machaism for regulating the exports of semi-processed leather.

(b) The stipulation of 40 per cent export obligation on finishing units may be done away with.

(c) A graded system of incentives, leather exports require a fresh look by Government.

(d) graded system of incentives, based upon comparative value addition at different tsages should be considered by Government.

1.3 Upgradation of Technology

1.3.1. The need for extension services in the cottage sector for technological upgradation for rural tanners and producers of valueadded leather products is self-evident. The Department of Industrial Development should chalk out clearly defined schemes for this purpose.

1.3.2. The machinery and equipment listed in Annexure-I may be placed under OGL for import.

1.3.3. The Committee strongly endorses the recommendation of the Task Force (1979) that the import duty on machines should be brought down uniformly to 25 per cent on all tanning, finishing, footwear and other leather goods machines which find place in the OGL.

1.3.4 Non-availability of trained manpower at all levels is a serious constraint in the development of the leather manufactures industry along modern lines. Fellowships should, therefore, be instituted in order to depute artisans, supervisors and managers for foreign training.

1.3.5 Foreign experts should be invited to give in-plant training to production personnel at all levels.

1.3.6 The existing training centres should be equipped with modern machinery and equipment, for which the Department of Industrial Development should formulatee appropriate schemes.

1.3.7 Technical training should be taken up by the Council for Leather Exports as a Code activity, which should be made eligible for MDA.

1.3.8 With regard to the requirements of raw materials, componeats and consumables for production of finished leather, footwear and other leather goods, the following recommendations are made:

(a) inclusion in Appendix 17 of the Import Policy of the items listed in Annexure II.

(b) inclusion in the OGL for import of the items listed in Annaxure III.

(c) inclusion in Annexure I of Appendix 21 of the Import Policy of the items listed in Annexure IV.

(d) reduction/abolition of import duties in respect of the items listed in Annexure V.

1.4 Export of Footwear and Leather Manufactures.

1.4.1 The Committee has identified the following infrastructural gaps coming in the way of export production of footwear:

(a) Non-availability of the required grades and quality of finished leather at competitive prices.

(b) Absence of good quality training in footwear engineering, design and pattern making skills.

(c) Lack of indigenous production of well engineered lasts, components and soles for the footwear industry including upgradation of the sole leather from buffalo hides.

(d) Lack of a network of modern laboratories and testing units for quality control.

(e) Absence of a brand image for India-made footwear in the world market.

(f) Lack of attractive and durable packaging.

(g) Lack of a meaningful nexus between development and research.

It is of the view that a determined initiative on the part of Government is essential to create a catalytic model which can be replicated. The Committee recommends for the consideration of Government a concrete operational model, in which a centralised autonomous agency, working under the umbrella of a reputed institute of technical education such as an Indian Institute of Technology, will perform some direct functions apart from assisting in the development of a supporting infrastructural base. A project profile for such a Footwear Design and Development Institute is appended as Appendix VII. The project will involve an investment of Rs. 9.5 crores and an employment of 2900. It will be completed in four phases.

1.4.2 In the context of the recommendation regarding FDDI, it will be necessary to replicate this operational strategy in different States where nodal agencies be entrusted with the task of co-ordinating the development of the six supporting functions enumerated above leaving the direct functions to be performed by FDDI alone.

1.4.3 Government may consider enlargement of the scope of the proposed Institute to include other leather goods, such as garments, handbags, gloves, etc.

1.4.4 Liberal assistance from MDA should be made available, in foreign exchange, for individual brand promotion abroad.

1.4.5 The list of raw materials required for production of intermediates for use in the export production of footwear should be included in Annexure VI to Appendix 19 of the Import Policy. This list is given at Annexure VI.

1.5 Institutional Coordination.

The Committee recognises the existence of a number of agencies which have been set up by Government such as STC, BLC, State Leather Development Corporations, CLRI, CLE, CFTCs KVIC, etc. to service varying interests. Within the Government itself, there are several Ministries which deal with different aspects of the industry. It is recommended that:

(a) Government should examine the performance of these organisations with respect to the rationale of their creation and take remedial action to avoid duplication and ensure coordination. As a first step, it is recommended that the Department of Industrial Development should examine the extent to which the State Leather Development Corporations and BLC have served their objectives.

(b) The role of a harmonising agency could be played by the creation of a statutory All India Leather Board on the analogy of other commodity Boards by integrating one or more of the existing organisations. Such a Board could also coordinate the activities of the institutions whose continuance may be considered necessary.

Unit Trust of India

2429. SHRIMATI KRISHNA KAUL: Will the Minister of FINANCE be pleased to state:

(a) whether the Unit Trust of India has any proposal under its consideration regarding direct financing for housing and leasing; and

(b) if so, what are the details thereof?